

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2002-349

August 13, 2004

VERIZON NEW ENGLAND, INC. D/B/A  
VERIZON MAINE  
Request for a Waiver of the Service Quality Index  
Related to the Impact of Snow and Ice Storms that  
Struck Areas of Central and Southern Maine  
During the Week of January 13, 2002

PROCEDURAL ORDER  
REQUESTING ADDITIONAL  
INFORMATION AND  
COMMENTS

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**I. SUMMARY AND BACKGROUND**

On August 9, 2004, the Commission at its regular Deliberative session considered Verizon's request for a waiver of the results of the Service Quality Index (SQI) for the month of January 2002. The Commission recessed deliberations on this matter in order to allow Verizon (and other entities who wish to become parties to the case) to provide additional information and/or comments on two distinct subjects that could affect the Commission's decision on the waiver request and the amount of any penalty that might be owed by Verizon. Parties should file their comments or additional information by Tuesday, August 31, 2004, and the Commission intends to resume deliberating this case on Tuesday, September 7, 2004.

The Company requested a waiver of all SQI metric results for January 2002 (i.e., the actual results for the month would be excluded from the annual calculation), because of severe ice and snowstorms that hit parts of Maine beginning on January 13, 2002. The Company alleged that because of the impact of the storms, its service quality results were disproportionately affected for the month, even though its "customers received outstanding service throughout the storm and its aftermath." Because of the alleged unforeseen and uncontrollable nature of the storm-related service difficulties, the Company believes it should not be held liable for increases in service quality penalties occasioned by the storm. Therefore, Verizon filed its waiver request.

At its Deliberative session on August 9, 2004, the Commission considered the Company's waiver request, using the following documents as the bases for its discussion: the Company's petition; the Examiner's Report issued on July 14, 2004, which recommended denial of the waiver request; the Commission's Order in Docket No. 2002-151, issued November 14, 2003; and the Company's Exceptions to the Examiner's Report. During the course of deliberations, the Commission determined that it would seek additional information or further comments on two matters before it would render a final decision. Those matters are: 1) any information that Verizon has available concerning the battery charger replacement program for its Digital Loop Carrier (DLC) systems, which was in progress and was the subject of an ongoing informal inquiry at the time that the storms hit, and any effects on customer outages

during the storms related to the program; and 2) adjustment of the benchmark for the PUC Complaint Ratio metric, which is based on cumulative complaints over a year (rather than a monthly average), to account for the exclusion of the September 2001 actual results from the SQI annual results for the 2001/2002 AFOR period; and also, if the Commission grants the requested waiver in this docket, whether the PUC Complaint Ratio annual benchmark should be further adjusted to account for the exclusion of the January 2002 actual results. Each of these issues is discussed in more detail below.

## **II. BATTERY REPLACEMENT PROJECT**

In the summer of 2001, the Commission became aware of a situation involving the batteries and chargers used by Verizon to keep its DLC remote units operating when commercial power, which normally serves the units, was not available. In response to a staff inquiry into several DLC outages in York County on June 18, 2001, Verizon reported that it discovered an incompatibility problem between some DLC unit batteries and their charging devices. When commercial power is operating, chargers are used to fully charge the back-up batteries that are stationed at each remote unit. In the event that commercial power is not available, the batteries normally should be able to keep the remote units operating for approximately eight hours, unless usage is extremely heavy, in which case the batteries wear down more quickly. Apparently, some of the battery chargers that the Company installed were not compatible with the type of battery at the particular site, and, therefore, the batteries were not kept fully charged, or in some cases they were not charged at all. When commercial power to the site was off, the batteries worked for only a short period of time or not at all, resulting in loss of service to customers served by those DLC units.

The Commission conducted an informal inquiry into the incompatible battery and charger situation, but the staff informed the Commission that the Company was not providing timely information. On January 7, 2002, Commission Chairman Thomas L. Welch sent a letter to Edward Dinan, Verizon's President-Maine, expressing the Commission's expectation that Verizon would provide information requested by the staff in a timely and complete manner. On January 15, 2002, Mr. Dinan sent a response indicating that Verizon was giving high priority to the battery replacement project, and that the Company would supply weekly updates of the project's progress, as it had already committed to do. It appears that Verizon had completed only a portion of the battery replacement project when the storms that eventually led to the waiver request began on January 13, 2002.

In order to provide the Commission with relevant facts and to help it assess Verizon's progress in completing the battery replacement project and the effect that incompatible chargers may have had on the DLCs' ability to continue to operate after commercial power was lost, Verizon (and any other entity that believes it can provide relevant information) should provide any available information on the number of DLCs that went out of service during the storms of January 2002, the number of out-of-service DLCs that had incompatible batteries and chargers at the time the storm started, and the number of customers served by each DLC. The Company should also provide any

information it has about the number of DLCs with incompatible equipment that went out of service more than once and the number that were out of service for more than 24 hours.

Verizon (and other entities) may also provide any other information or comments that could assist the Commission in assessing the Company's performance during the storm, in light of the fact that the Company apparently had not completed its battery replacement project. Specifically, Verizon should explain why the requested waiver from the SQ standards should be granted despite the fact that the Company had not completed its program of replacing incompatible batteries on DLC units. The absence of compatible batteries and charging units appears to be a contributing factor to increased customer outages.

### **III. ADJUSTMENT OF THE BENCHMARK**

Because the terrorist attacks on New York City and Washington, D.C. on September 11, 2001, placed a huge strain on Verizon's system-wide resources and could have disproportionately affected the Company's ability to meet the SQ benchmarks in Maine during that month, the Commission, sua sponte, waived the SQ metric results for September 2001. It did so by excluding all actual results for the month from the annual calculation. For the metrics that are calculated as averages, there is no need to also adjust the benchmarks. However, because the PUC Complaint Ratio results and benchmark are each calculated as a cumulative number (i.e., results from all twelve months are added up to arrive at the annual result), the benchmark for that metric must be adjusted to remove one-twelfth (to account for September 2001 waiver) of the annual amount. Otherwise, there would be a mismatch in the number of months included in the actual results (11) compared with the number of months in the benchmark (12). The benchmark adjustment must be done on a pro rata basis, because there does not appear to be any logical way to distinguish the results of any specific month from any other month in the cumulative benchmark amount.

The annual benchmark for the PUC Complaint Ratio is 0.52%, which was determined by using the methodology approved by the Commission in Docket No. 99-851. In order to adjust the benchmark for the waiver of the September 2001 actual results, the benchmark should be set at 0.48%, which is 11/12ths (rounded) of the annual total. If the Commission were to reject the current waiver request, Verizon would owe an additional penalty amount of \$177,885 for this metric based on the actual 11-month PUC Complaint Ratio total of 0.76% (it has already paid out \$259,615). Also, if the waiver were not granted, the Company would owe an additional penalty of \$53,317 for the Residential Troubles Not Cleared Within 24 Hours metric, for a total additional penalty of \$231,202.

If, on the other hand, the Commission were to grant Verizon the requested waiver for the January results, the Company would owe an additional penalty for missing the PUC Complaint Ratio metric of \$211,315, based on the adjusted 10-month benchmark amount of 0.43%. The actual annual result for this metric, excluding

September 2001 and January 2002 results, is 0.70%. Of course, if the waiver were granted, Verizon would owe no additional penalty for the Residential Troubles Not Cleared metric.

#### **IV. CONCLUSION AND ORDER**

The adjustment to the PUC Complaint Ratio benchmark (and, if it were a metric at issue in the present context, to the Service Outages index, the only other cumulative metric) appears to be a proper calculation procedure, but because no notice of this potential adjustment was previously provided, we will invite Verizon (and other interested entities) to comment on it. As with the Request For Comments dated February 11, 2004, we will send this Procedural Order to all parties in the AFOR case, Docket No. 99-851. Parties may file brief, relevant comments by requesting intervention at the time they file their comments.

Verizon and other late-intervening parties may file responses to the issues raised in this Procedural Order no later than August 31, 2004.

Dated at Augusta, Maine, this 13<sup>th</sup> day of August, 2004.

BY ORDER OF THE HEARING EXAMINER

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Peter Ballou